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LOS ANGELES, CALIFORNIA

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Attorneys for Defendants William E. and Desiree B. Moore
Revocable Trust; Trustees of The William E. and Desiree B. Moore
Revocable Trust; Desiree B. Moore Revocable Trust;
William E. Moore Marital Trust; William E. Moore
Generation-Skipping Trust; and Desiree Moore

UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF CALIFORNIA
SAN FRANCISCO AND OAKLAND DIVISION

THOMAS FERNANDEZ, LORA SMITH and
TOSHA THOMAS, individually and on behalf of
a class of all other persons similarly situated,

Plaintiffs,

vs.

K-M INDUSTRIES HOLDING CO., INC.; K-M
INDUSTRIES HOLDING CO., INC. ESOP
PLAN COMMITTEE; WILLIAM E. AND
DESIREE B. MOORE REVOCABLE TRUST;
TRUSTEES OF THE WILLIAM E. AND
DESIREE B. MOORE REVOCABLE TRUST;
CIG ESOP PLAN COMMITTEE; NORTH
STAR TRUST COMPANY; DESIREE B.
MOORE REVOCABLE TRUST; WILLIAM E.
MOORE MARITAL TRUST; WILLIAM E.
MOORE GENERATION-SKIPPING TRUST;
and DESIREE MOORE, BOTH IN HER
INDIVIDUAL CAPACITY AND AS TRUSTEE
OF THE WILLIAM E AND DESIREE B.
MOORE REVOCABLE TRUST'S SUCCESSOR
TRUSTS NAMED ABOVE,

Defendants.

Case No. C 06-07339 CW

**SUPPLEMENTAL DECLARATION
OF CAROLINE M. WALTERS IN
SUPPORT OF COMBINED REPLY**

Date: July 31, 2008
Time: 2:00 p.m.
Ctmm: 2, 4th Floor
Judge: Hon. Claudia Wilken

1 I, Caroline M. Walters, declare and state as follows:

2 1. I am an attorney admitted to practice before the Courts of the State of California and
3 before this Court. I am an associate of the law firm of Hennigan, Bennett & Dorman LLP, counsel
4 of record for William E. and Desiree B. Moore Revocable Trust, Trustees of the William E. and
5 Desiree B. Moore Revocable Trust, Desiree B. Moore Revocable Trust, William E. Moore Marital
6 Trust, William E. Moore Generation-Skipping Trust and Desiree B. Moore in this matter. I have
7 personal knowledge of the facts contained in this declaration.

8 2. Attached hereto as Exhibit 1 is a true and correct copy of excerpts from the
9 deposition of Stephen Ferrari taken on March 26, 2008.

10 3. Attached hereto as Exhibit 2 is a true and correct copy of excerpts from the
11 deposition of Joseph Cristiano taken on April 8, 2008.

12 I declare under penalty of perjury under the laws of the United States of America that the
13 foregoing is true and correct.

14 Executed this 17th day of July, 2008 at Los Angeles, California.

15
16 /S/
Caroline M. Walters

EXHIBIT 1

STEPHEN FERRARI

IN THE UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF CALIFORNIA
SAN FRANCISCO AND OAKLAND DIVISION

THOMAS FERNANDEZ, et al.,)	
)	
Plaintiffs,)	
)	Case No.
vs.)	
)	C-06-07339 CW
K-M INDUSTRIES HOLDING CO., INC., et al.,)	
)	
Defendants.)	
)	
)	
)	

VIDEOTAPED DEPOSITION OF STEPHEN FERRARI
March 26, 2008
Oakland, California

Reported by:
EMI ALBRIGHT
RPR, CSR No. 13042
Job No. 79126

CERTIFIED
COPY

STEPHEN FERRARI

1 you discussed that there were between 4 1/2 and
2 \$5 million in indemnity dollars at the primary level?

3 MR. PALMER: Object to form.

4 A I don't recall that discussion at the
15:22 5 current time, but I do recall discussions about the
6 levels of insurance that were in the hundreds of
7 millions of dollars.

8 BY MR. JACKSON:

9 Q Primary insurance in the hundreds of
15:22 10 millions?

11 A No, insurance that was in the levels of
12 hundreds of millions of dollars.

13 Q But you don't recall discussions about
14 whether those were subject to reservations of rights or
15:22 15 not?

16 A I don't recall.

17 Q And you don't recall discussions about the
18 primary level being exhausted as of 1999?

19 A I don't recall that. I just recall Cheryl
15:22 20 Mills saying that there was large amounts of insurance.
21 They were in the hundred of millions of dollars level
22 and they were adequate at the time to cover asbestos
23 litigation.

24 Q And that was good enough for you?

15:22 25 A We relied upon the representations of our

STEPHEN FERRARI

1 experts which were our attorneys.

2 Q And did you rely upon the representation
3 that a few large hits will throw all the projections out
4 the window?

15:23 5 MS. DILLER: Asked and answered.

6 MR. PALMER: Object to the form.

7 A I don't recall.

8 BY MR. JACKSON:

9 Q It says under future claims, as you are
15:23 10 aware, the amount we pay on each time -- type of claim
11 has progressively risen since 1998. Do you see that?
12 I'm sorry. Let me strike because I misread.

13 Let me also tell you the paragraph so we
14 are clear. It starts, Liberty Mutual has promised, the
15:23 15 second to last sentence. And actually if you can read
16 that starting, as you are aware?

17 A I see there's a paragraph beginning Liberty
18 Mutual.

19 Q Do you see the sentence starting, as you
15:23 20 are aware?

21 A As you are aware, yes. As you are aware,
22 the amount we pay on each type of claim has
23 progressively risen since 1998.

24 Q Do you remember having a discussion with
15:24 25 Cheryl Mills that the amount that Kelly-Moore was paying

1 STATE OF CALIFORNIA)

2 : SS)

3 County of Alameda)

4
5 I, the undersigned, a Certified Shorthand Reporter
6 of the State of California, do hereby certify: That the
7 foregoing proceedings were taken before me at the time and
8 place herein set forth; that any witnesses in the foregoing
9 proceedings, prior to testifying, were placed under oath;
10 that a verbatim record of the proceedings was made by me
11 using machine shorthand which was thereafter transcribed
12 under my direction; further, that the foregoing is an
13 accurate transcription thereof.

14 I further certify that I am not a relative,
15 employee, attorney or counsel of any party to this action or
16 relative or employee of any such attorney or counsel and that
17 I am not financially interested in the said action or the
18 outcome thereof;

19 IN WITNESS WHEREOF, I have this date subscribed my
20 name.

21 Dated: April 9, 2008

22
23 Emi Albright

24 EMI ALBRIGHT, CSR No. 13042
25

EXHIBIT 2

IN THE UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF CALIFORNIA
SAN FRANCISCO AND OAKLAND DIVISION

**CERTIFIED
COPY**

THOMAS FERNANDEZ, et al.,

Plaintiffs,

vs.

K-M INDUSTRIES HOLDING CO., INC., et al.,

Defendants.

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) Case No.

) C-06-07339 CW
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VIDEOTAPED DEPOSITION OF JOSEPH CRISTIANO
April 8, 2008
Oakland, California

Reported by:
EMI ALBRIGHT
RPR, CSR No. 13042
Job No. 79129

**CONTAINS SOME
CONFIDENTIAL MATERIAL**

1 to say whether there is enough insurance indemnity
2 dollars to cover all claims that may be brought in the
3 years to come; do you see that sentence?

4 A Yes, I do.

5 Q Do you recall reading that sentence in
6 2000?

7 A No, I don't recall right now, but I'm sure
8 I read it.

9 Q After you saw this letter, did you still
10 believe that Kelly-Moore's insurance coverage was
11 adequate to fund its asbestos litigation liabilities?

12 MS. SMITH: Object to form.

13 A Yes.

14 BY MS. HASSELMAN:

15 Q Were you concerned about the fact that
16 Ms. Mills said it was impossible to know whether there
17 was sufficient coverage?

18 MS. SMITH: Object to form.

19 A I don't think I was at the time.

20 BY MS. HASSELMAN:

21 Q Why not?

22 A Because she kept reaffirming that we did
23 have enough coverage, that her letters still reflected
24 that there was coverage.

25 Q Did you ask her any questions about the

1 BY MS. HASSELMAN:

2 Q Did you ever seek such a projection?

3 A No.

4 Q Do you know if anyone else at Kelly-Moore
5 did?

6 MS. SMITH: Object to form.

7 A Not that I know of.

8 BY MS. HASSELMAN:

9 Q Do you know why not?

10 MS. SMITH: Object to form.

11 A No, I don't. We were continually being
12 reassured by Cheryl that there was sufficient insurance
13 coverage.

14 BY MS. HASSELMAN:

15 Q Did you understand Ms. Mills' analysis to
16 be the most thorough analysis that could be done to
17 determine Kelly-Moore's future asbestos claims exposure?

18 MS. SMITH: Object to form.

19 MR. SULLIVAN: Object to form.

20 A At the time I did.

21 BY MS. HASSELMAN:

22 Q Did you ever ask Ms. Mills what information
23 she considered to reach the conclusion that there was
24 sufficient coverage to cover all of Kelly-Moore's
25 pending asbestos claims?

1 STATE OF CALIFORNIA)

2 : ss)

3 County of Alameda)

4
5 I, the undersigned, a Certified Shorthand Reporter
6 of the State of California, do hereby certify: That the
7 foregoing proceedings were taken before me at the time and
8 place herein set forth; that any witnesses in the foregoing
9 proceedings, prior to testifying, were placed under oath;
10 that a verbatim record of the proceedings was made by me
11 using machine shorthand which was thereafter transcribed
12 under my direction; further, that the foregoing is an
13 accurate transcription thereof.

14 I further certify that I am not a relative,
15 employee, attorney or counsel of any party to this action or
16 relative or employee of any such attorney or counsel and that
17 I am not financially interested in the said action or the
18 outcome thereof;

19 IN WITNESS WHEREOF, I have this date subscribed my
20 name.

21 Dated: APR 18 2008

22
23
24 EMI ALBRIGHT, CSR No. 13042
25